No. 08A1096

IN THE

Supreme Court of the United States

INDIANA STATE POLICE PENSION TRUST, ET AL.,
Applicants.

v.

CHRYSLER LLC, *ET AL.*,
Respondents.

RESPONSE TO APPLICANTS' SUPPLEMENTAL STATEMENT

Chrysler LLC *et al.* respectfully submits this response to the "supplemental statement" in support of the stay application filed by the Funds. In their supplement, the Funds quote statements attributed to Fiat's CEO in a news report and submit that this unexamined hearsay shows that the "risk of termination by Fiat if the transaction does not close by June 15 no longer provides a basis for driving the timing of these proceedings."

That is not true. The Master Transaction Agreement provides that the Fiat Sale will *automatically terminate* if the closing does not occur before June 15, 2009:

> Section 10.01. Termination. This Agreement shall be terminated at any time prior to the Closing Date, notwithstanding any requisite approval of this Agreement, as follows:
>
> * * *

> (c) automatically, if the Closing Date shall not have occurred on or before June 15, 2009 (the "End Date"); provided that termination shall not occur automatically if either the Company or Fiat elects in its sole discretion to extend the End Date by 30 days if such party has not obtained [certain regulatory authorizations] and all other conditions to Closing have been or are capable of being timely satisfied;

(Add., attached hereto, at 6a.)

At the three-day hearing on the Debtors' motion to approve the sale, the topic of the urgency of proceeding with the sale was also addressed extensively, and the Bankruptcy Court thereafter made express findings that, *inter alia*, "the Fiat Transaction is the only option that is currently available. The only other alternative is immediate liquidation of the company." (Stay Opp. App. 17a.) Indeed, at the hearing, the Fiat executive who lead that company's negotiation effort testified in response to the Funds' questioning on cross examination *on this very topic* that "if this agreement is not closed by June 15th, we would need to reconsider our ability to consummate the transaction." (Add 11a.) Fiat also testified that, without the interim debtor-in-possession financing provided to Chrysler that is conditioned on the sale closing, "Chrysler cannot stay alive," a fact that was uncontroverted at the three-day hearing and expressly found by the Bankruptcy Court in its decision approving the Fiat Sale. (Add. 10a.) This executive further testified that "in one month Chrysler needs to face payables of 1.5 billion on average" and that, if Chrysler remains idle for an additional month, Fiat's shareholders "will never support . . . paying 1.5 billion of payables without generating any revenue." (*Id.*)

The single hearsay statement reported by the media and relied upon by the Funds as a basis for trying to delay the closing further does not conflict with Fiat's sworn testimony in any way. Even if this statement were accepted as true, the notion that Fiat "will never walk away" does not change that the Fiat Sale will, by its express terms, *automatically terminate* if it is not consummated by June 15, 2009. Rather than "walk away," Fiat may well be willing to renegotiate the terms of some other, less-favorable transaction with Chrysler, the United Auto Workers, the U.S. Treasury, and the Canadian government. But there is no guarantee that a new deal could ever be struck; and, given Chrysler's precipitous state, every day past June 15 increases the risk that Chrysler's business will not be able to restart successfully.

Also, if the parties cannot come to terms on a re-negotiated deal in the event that their agreement automatically terminates on June 15, Fiat may instead pursue a strategy of purchasing only some of Chrysler's more desirable assets in a free-fall liquidation as opposed to entering into a re-negotiated transaction to purchase substantially all of Chrysler's assets as a going concern.[1] The point is that after June 15, 2009 the deal dies by its own terms and will have to be re-done or may be

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[1] This is not mere speculation. In another media report that the Funds did not bring to the Court's attention, Fiat's Chairman was quoted on *The Wall Street Journal*'s website this morning as stating that Fiat has a "plan B" if the Fiat Sale does not go forward as approved by the Bankruptcy Court. Analysts have also commented that Fiat appears to have positioned itself to purchase parts of Chrysler in a liquidation proceeding in bankruptcy. *See* S. Mufson, "Leaning on Fiat's Sense of Direction to Guide Chrysler," *The Washington Post*, Apr. 14, 2009, at A12 ("Many analysts also believe that Marchionne is positioning Fiat to scoop up Chrysler assets if the U.S. company ends up in bankruptcy.").

abandoned for Fiat to pursue some other strategy. The impact of such a course of events on all stakeholders in the Debtors' estates (including the Funds) and on the national economy would be devastating.

Further still, as Bankruptcy Court found, every day that proceeds without the Fiat Sale closing costs Chrysler ***$100 million*** (Stay App. 25a), a figure that dwarfs the "damages" that the Funds say they will sustain on their face-value $42 million investment if the $2 billion sale does not proceed and the company instead is forced into an immediate liquidation where no more than $800 million will be recovered for the Funds and all of its other co-lenders. *See infra* note 2.

For all of these reasons, there is a looming threat of drastic and irreparable harm to Chrysler, all of its constituencies—including the lenders under its senior secured financing facility—and the public interest if the Fiat Sale is not closed by June 15, 2009. And every day that passes between now and then only contributes substantially to this harm. While the Fiat Sale is important to the public interest, the Funds' objection to it is not. This is a holdup by a *single lender* who possesses less than 1% of the debt at issue, who signed a contract pursuant to which it is deemed to have consented to the Fiat Sale, and who will not be harmed, but will only benefit, by the sale as opposed to what the record shows and the Bankruptcy Court found is the only other option now available to the company.[2] The Funds'

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[2] The face-value of the Funds' investment is $42 million (not $100 million as they said in their application), they purchased it in a distressed state for $18 million, and will recover $12 million if the Fiat Sale proceeds. If the company's assets are liquidated for, in a best-case scenario, $800 million, the Funds will recover approximately $5 million.

entire strategy with this application is to wreak further havoc and apply coercive pressure by further delaying the sale. The Court should deny their application.

Respectfully submitted,

/ s / Thomas F. Cullen
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Counsel for Respondents, Chrysler LLC, et al.

Dated: June 9, 2009

No. _____

IN THE

Supreme Court of the United States

IN RE CHRYSLER LLC,
Debtors,

INDIANA PENSIONERS, INDIANA STATE TEACHERS RETIREMENT FUND,
Petitioners,

v.

CHRYSLER LLC, *ET AL.*,
Respondents.

ADDENDUM TO RESPONSE TO APPLICANTS' SUPPLEMENTAL STATEMENT

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Counsel for Respondents,
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MASTER TRANSACTION AGREEMENT

among

FIAT S.p.A.,

NEW CARCO ACQUISITION LLC,

CHRYSLER LLC

and

the other SELLERS identified herein

(b) Notwithstanding the foregoing or any other provision of this Agreement, either Fiat or the Company may provide to representatives of labor organizations representing Company Employees notice of the transactions contemplated by this Agreement, a copy of this Agreement, and such additional information, documents and materials (the "Information") as it determines is reasonably necessary to satisfy any legal or contractual obligations related to collective bargaining or its relationship with any labor organization but only in the event that either of the following occurs: (x) the other party gives its prior written consent to such disclosure (which consent shall not be unreasonably withheld, conditioned or delayed after the notifying party's request); or (y) to comply with a determination by the U.S. Treasury, court or agency of competent jurisdiction. In either case, the notifying party shall, to the extent reasonably practicable and permitted by Law, use commercially reasonable efforts to procure a confidentiality agreement with respect to the Information in form and substance reasonably satisfactory to the other party.

(c) No investigation or notice provided to any party pursuant to this Section 5.04 or the Confidentiality Agreement shall affect any representation or warranty in this Agreement of any party hereto or any condition to the obligations of the parties hereto.

Section 5.05 Regulatory and Other Authorizations; Notices and Consents.

(a) Each of Fiat, Purchaser and the Company shall, and shall cause each of their respective Affiliates to, use its best efforts to promptly obtain all waivers, authorizations, consents, orders and approvals of all Governmental Entities and officials which may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, the Alliance Agreements and the Transaction Agreements as promptly as reasonably practicable and will cooperate fully with each other in promptly seeking to obtain all such waivers, authorizations, consents, orders and approvals (such that the Closing will occur no later than the 35th day following the date hereof (the "Target Closing Date")).

(b) Fiat, Purchaser and the Company agree to make, as promptly as practicable, their respective filings (if required) pursuant to the applicable Antitrust Laws of the United States, Canada, the European Union (or any relevant member states of the European Union), and Mexico with respect to the Transactions, and to supply as promptly as practicable to the appropriate Governmental Entities any additional information and documentary material that may be required pursuant to the Antitrust Laws of the United States, Canada, the European Union (or any relevant member states of the European Union), and Mexico (such that the Closing will occur no later than the Target Closing Date):

(i) File notification pursuant to the HSR Act as promptly as practicable, and in any event within five Business Days of the date hereof.

(ii) If the European Commission confirms that it considers the transaction contemplated under this Agreement to be a concentration within the terms of Article 3 of the EC Merger Regulation, submit to the European Commission a draft request pursuant to Article 7(3) of the EC Merger Regulation within seven days of the date hereof; submit to the European Commission the formal request pursuant to Article 7(3) of the EC Merger Regulation as promptly as practicable thereafter, and submit the

Form CO to the European Commission pursuant to the EC Merger Regulation as promptly as practicable thereafter.

(iii) If the European Commission confirms that it considers the transaction contemplated under this Agreement not to be a concentration within the terms of Article 3 of the EC Merger Regulation, file a notification pursuant to the applicable Antitrust Laws in Germany and (if applicable) Austria as soon as practicable after the European Commission has so confirmed.

(iv) File an application for an Advance Ruling Certificate pursuant to the Competition Act (Canada) as promptly as practicable, and in any event within five days of the date hereof. Furthermore, file an Application for Review pursuant to the Investment Canada Act as promptly as practicable, and in any event within 10 days of the date hereof, and, if deemed advisable by Fiat, the Purchaser, and the Company, prepare and file a notification pursuant to Part IX of the Competition Act (Canada) and file a request for a notice from the Canadian Minister of Industry pursuant to Paragraph 16(2)(a) of the Investment Canada Act as promptly as practicable.

(v) File notification pursuant to the Mexican Federal Law on Economic Competition as promptly as practicable, and in any event within six days following the date hereof, and interface with the Federal Competition Commission within two days of the date of filing notification to advocate that they do not issue a stop order and resolve the matter as soon as practicable and within such time that, under the applicable laws of Mexico, Closing can occur by the Target Closing Date.

(c) Fiat will provide to the Company within one day of the date hereof a list of the jurisdictions where it will submit filings and notifications pursuant to applicable Antitrust Laws. Fiat, Purchaser and the Company agree to make as promptly as practicable, and in any event within five Business Days of the date hereof their respective filings and notifications as may be required under any other applicable Antitrust Laws of any jurisdictions in which Fiat intends to file notification (with the exception of China, Japan, Macedonia, Russia, Serbia, Turkey and Ukraine), and to supply as promptly as practicable to the appropriate Governmental Entities any additional information and documentary material that may be required pursuant to the Antitrust Laws of such jurisdictions (such that the Closing will occur no later than the Target Closing Date.

(d) Fiat, Purchaser and the Company shall each furnish to the other such necessary information and reasonable assistance as such other parties may request in connection with its preparation of any filing or submission that is necessary under the requirements of any Antitrust Law.

(e) Fiat, Purchaser and the Company each agree, to the extent permitted by Law, promptly to notify the other of any communication it or any of its Affiliates receives from any Governmental Entity relating to the Transactions and permit the other party to review in advance any proposed substantive communication by such party to any Governmental Entity. None of Fiat, Purchaser, nor the Company shall agree to participate in any meeting with any Governmental Entity in respect of any filings, investigation (including any settlement of the

investigation), litigation or other inquiry unless it consults with the other parties in advance and, to the extent permitted by such Governmental Entity, gives the other parties the opportunity to attend and participate at such meeting; provided, however, in the event one or more of the parties is prohibited by applicable Law or such Governmental Entity from participating in or attending any such meeting, then the party who participates in such meeting shall keep the other parties apprised with respect thereto to the extent permitted by Law. To the extent permitted by Law, Fiat, Purchaser and the Company will coordinate and cooperate fully with each other in exchanging such information and providing such assistance as the other parties may reasonably request in connection with the foregoing and in seeking early termination of any applicable waiting periods, including under the HSR Act, including, to the extent reasonably practicable, providing to the other parties in advance of submission drafts of all filings, submissions, correspondence or other written communications, providing the other parties with an opportunity to comment on the drafts, and, where practicable, incorporating such comments, if any, into the final documents. To the extent permitted by applicable Law, Fiat, Purchaser and the Company will provide each other with copies of all correspondence, filings or written communications between them or any of their representatives, on the one hand, and any Governmental Entity or members of its staff, on the other hand, with respect to the Transaction Agreements and the Transactions.

(f) None of Fiat, Purchaser, the Company or their respective Affiliates shall be required to pay any fees or other payments to any Governmental Entities in order to obtain any such authorization, consent, order or approval (other than normal filing fees and administrative fees that are imposed by Law on Fiat or Purchaser), and in the event that any fees in addition to normal filing fees imposed by Law may be required to obtain any such authorization, consent, order or approval, such fees shall be for the account of Purchaser. Notwithstanding anything to the contrary herein, none of Fiat, the Company or Purchaser shall be required to agree to any divestiture, sale or license (including any License) of or Lien on any properties, assets or businesses by Fiat, Purchaser, the Company or any of their respective Affiliates of any business, assets or property of Fiat, Purchaser, the Company or any of their respective Affiliates, or the imposition of any limitation on the ability of any of the foregoing to conduct their respective businesses or to own or exercise control of their respective assets and properties.

(g) In the event that the Antitrust Laws of a particular jurisdiction (a "Delayed Jurisdiction") would prevent a closing from occurring with respect to such Delayed Jurisdiction by the Target Closing Date, Fiat and the Company shall cooperate fully and use their reasonable best efforts to develop a suitable plan which will (i) permit the Closing to occur on or as promptly as practicable following the Target Closing Date with respect to all jurisdictions other than the Delayed Jurisdictions and (ii) construct an appropriate mechanic to effect a closing in the Delayed Jurisdiction as soon as practicable following the date on which a closing in any such Delayed Jurisdiction is permitted under the applicable Antitrust Law. Fiat and the Company shall cooperate fully and use their best efforts to amend this Agreement and execute and deliver such other documents as appropriate to give effect to such subsequent closing with respect to the Delayed Jurisdictions (and, if necessary, provide appropriate support and transition arrangements with respect to such Delayed Jurisdictions as may be appropriate or required by the applicable Governmental Entity). With respect to the business and assets being purchased by the Company pursuant to the Deferred Closing Agreement, Fiat and the Company agree to cooperate

fully and use their reasonable best efforts to provide appropriate support and transition arrangements with respect to such business and assets as may be appropriate or required by the applicable Governmental Entity. Nothing in this Section 5.05(g) shall require Fiat or the Company to take any action which would materially and adversely affect Fiat or the Company, as the case may be.

(h) Should the VEBA Trust be required to complete any filing or notification under any Antitrust Law, the VEBA Trust shall have the same rights as afforded Fiat, Purchaser, and the Company under this Section 5.05 provided that the VEBA Trust undertake the same obligations required of Fiat, Purchaser, and the Company in this Section 5.05. In any jurisdiction in which Fiat has or will complete any filing or notification under any Antitrust Law Fiat shall cause the VEBA Trust to be included as a filing party in its filing (without cost or expense to the VEBA Trust).

Section 5.06 Restructuring Transactions. Notwithstanding Section 5.01, the Company shall, and shall cause the Company Subsidiaries, to use reasonable efforts to (i) transfer the Purchased Assets or Assumed Liabilities to one or more Subsidiaries of the Purchaser at the Closing as the Purchaser may, at least 10 days before the Closing, designate in writing to the Company (provided, for the avoidance doubt, that the Purchased Assets shall be transferred to the Purchaser, in the absence of such designation, as provided under the other provisions of this Agreement); (ii) facilitate the transfer of the property subject to the Auburn Hills Agreement or the entity in which such property is held, including causing such property or entity to be transferred to the Company or a Company Subsidiary (in each case as designated in writing by the Purchaser at least 10 days before the Closing and in accordance with the terms of the Auburn Hills Agreement) in advance of the transfer of such property or such entity to the Purchaser (or one or more Subsidiaries of the Purchaser as the Purchaser may, at least 10 days before the Closing, designate in writing to the Company); (iii) set off intercompany receivables and intercompany payables owed by one Purchased Company to another Purchased Company in advance of the Closing (each such transaction described in clauses (i), (ii) and (iii), a "Restructuring Transaction"). Each Restructuring Transaction shall be implemented in a manner reasonably satisfactory to Fiat, and the Company shall regularly consult with Fiat regarding the manner and the status of the implementation of Restructuring Transactions (including providing Fiat with copies of all material agreements or documents executed in connection with such transactions). The Company and Fiat agree to cooperate to arrange each Restructuring Transaction in a tax efficient manner, provided that neither Fiat nor the holders of the equity interest in the Company are required by this Section 5.06 to bear material adverse tax consequences not adequately compensated by the other party (taking into account compensation already provided under other provisions of this Agreement, including Section 7.05) as a result of being a party to any Restructuring Transaction, unless written consent, by Fiat in the case of Fiat or by CGI in the case of the holders of equity interests in the Company, is given.

Section 5.07 Daimler Transactions. Notwithstanding Section 5.01, the Company shall, and shall cause the Company Subsidiaries to, use reasonable best efforts to cause the proposed parties thereto to enter into the CGI Indemnity Assignment Agreement and the Daimler Agreement (the "Daimler Transactions").

Section 9.06 Remedies. Each party hereto acknowledges and agrees that (a) following the Closing, the indemnification provisions of Section 9.02 and Section 9.03 shall be the sole and exclusive remedies for any breach of the representations and warranties in this Agreement, and (b) anything herein to the contrary notwithstanding, no breach of any representation, warranty, covenant or agreement contained herein of any of the parties shall give rise to any right of any party hereto, after the consummation of the transactions contemplated by this Agreement, to rescind this Agreement or any of the transactions contemplated hereby. Each party, after becoming aware of any event which could reasonably be expected to give rise to any Losses that have or could give rise to a right of such party to indemnification under this ARTICLE IX, shall take all commercially reasonable steps to mitigate such Losses.

ARTICLE X

TERMINATION, AMENDMENT AND WAIVER

Section 10.01 Termination. This Agreement shall be terminated at any time prior to the Closing Date, notwithstanding any requisite approval of this Agreement, as follows:

(a) automatically, if the U.S. Treasury Loan Documents (or binding commitment letters and term sheets in respect thereof) have not been executed and delivered by the US Treasury in the form presented prior to the date hereof by May 18, 2009, or if the Canada Loan Documents (or binding commitment letters and term sheets in respect thereof) have not been executed and delivered by Export Development Canada in the form presented prior to the date hereof by May 18, 2009, in each case unless Fiat agrees in writing to extend such date;

(b) by mutual written consent of each of the Company and Fiat;

(c) automatically, if the Closing Date shall not have occurred on or before June 15, 2009 (the "End Date"); provided that termination shall not occur automatically if either the Company or Fiat elects in its sole discretion to extend the End Date by 30 days if such party has not obtained the authorizations, consents, orders and approvals of Governmental Entities required pursuant to Section 5.05(a) and Section 5.05(b) and all other conditions to Closing have been or are capable of being timely satisfied;

(d) by the Company, upon a breach of any representation, warranty, covenant or agreement on the part of Fiat or Purchaser set forth in this Agreement, or if any representation or warranty of Fiat or Purchaser shall have become untrue, in either case such that the conditions set forth in Section 8.01 are not capable of being satisfied on or before the End Date; provided, that the Company shall not have the right to terminate this Agreement if the Company is then in material breach of any of its representations, warranties or covenants contained in this Agreement;

(e) by Fiat, upon a breach of any representation, warranty, covenant or agreement on the part of the Sellers set forth in this Agreement, or if any representation or warranty of the Sellers shall have become untrue, in either case such that the conditions set forth in Section 8.02 are not capable of being satisfied on or before the End Date; *provided*, that Fiat shall not have the right to terminate this Agreement if Fiat or Purchaser is then in material breach of any of its representations, warranties or covenants contained in this Agreement; or

(f) by either Fiat or the Company, if any Governmental Entity shall have issued a Governmental Order or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, and such Governmental Order or other action shall have become final and nonappealable.

(g) automatically, if any Selling Group Member shall enter into a Contract with respect to a Competing Transaction or if the Bankruptcy Court shall enter an order approving a Competing Transaction;

(h) automatically, if the Sellers consummate a Competing Transaction;

(i) by Fiat, if the Sellers do not file the Petitions and the Sale Motion with the Bankruptcy Court on or before May 5, 2009;

(j) automatically, if the Bidding Procedure Order is not entered by May 15, 2009, unless Fiat agrees in writing to extend such date or if, after the Bidding Procedures Order is entered, the Sale Order authorizing this Agreement is not entered by the End Date unless Fiat agrees in writing to extend that date; or

(k) automatically at 11:59 pm on the third business day (or such later time to which Fiat may consent to extend such date in writing) after the Debtors file any notice of designation of a Lead Bid and/or Secondary Bid with the Bankruptcy Court (as such terms as defined in the Bid Procedures Order), unless either of the following has occurred prior to the end of such period:

(i) the Debtors shall have filed a notice with the Court prior to such time stating that the Debtors have rejected any and all Lead Bids and/or Secondary Bids; or

(ii) the condition in Section 8.02(q) has been fulfilled.

Section 10.02 Effect of Termination; Break-Up Fee. (a) In the event of termination of this Agreement pursuant to Section 10.01 hereof, except for Section 5.04, Section 10.02 and ARTICLE XI, which shall survive any such termination, this Agreement shall forthwith become void and there shall be no liability under this Agreement on the part of any party hereto or any of their respective officers or directors and all rights and obligations of each party hereto shall cease; *provided, however*, that nothing herein shall relieve any party from liability for any material breach.

(b) In the event that that a Person other than Purchaser is selected as the Successful Bidder (as defined in the Bidding Procedures Order), then the Company shall pay to Fiat or an entity designated by Fiat, upon termination of this Agreement, a fee (the "Break-Up Fee") of $35 million by wire transfer of immediately available funds to an account designated by Fiat.

Section 10.03 Amendment. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 09-50002

- -x

In the Matter of:

CHRYSLER LLC, et al.

Debtors.

- -x

United States bankruptcy court

One Bowling Green

New York, New York

May 27, 2009

10:03 AM

B E F O R E:

HON. ARTHUR J. GONZALEZ

U.S. BANKRUPTCY JUDGE

A. I have no evidence.

Q. Okay. And with regard to the other manufacturers that have begun selling these platforms, it's only really been over the course of the last six to twelve months, right?

A. Over the last two years probably.

Q. Okay. And in terms of integrating that technology into Chrysler facilities, there will be a substantial time lag between when the deal closes and when Fiat technology is able to be used in Chrysler facilities, right?

A. We would need eighteen months to start manufacturing one of our platforms in a Chrysler plant, and between eighteen and twenty-four months to start manufacturing our power train in one of the Chrysler facilities. The timing of the introduction of a power train is longer than the one of a platform because we need to get all necessary approvals from the EPA and the car as related to the emission compliance of the engine.

Q. Okay. And it could take as long as thirty-six months to complete introducing the Fiat technology into the U.S. market?

A. Thanks God it's much faster. Twenty-four months should be the longest.

Q. Okay. Is it Fiat's intention to terminate the -- its -- the master transaction agreement if that transaction does not close by June 15th?

A. I'm sorry, could you rephrase your question?

Q. Yeah. Is it Fiat's intention to terminate the master

transaction agreement if it does not close by June 15th?

A. I guess that it will be extremely difficult to judge the situation of the company at that time and whether or not it's still possible to consummate the transaction.

Q. Okay. So as you sit here today you're not sure whether or not Fiat would be willing to consummate the transaction even after the June 15th date?

A. We clearly look at the economics of the company and the ability of the company to go forward. As you know, today all Chrysler plants are not manufacturing any cars and any power train. So Chrysler today is not generating any revenue.

Q. Okay.

A. And without the DIP budget, of course, Chrysler cannot stay alive.

Q. But Fiat does have a long-term view of this investment, right?

A. That's correct.

Q. Okay. So it's not just about the next weeks or months; it's about the next ten or twenty years?

A. But let me tell you, in one month Chrysler needs to face payables of 1.5 billion on average. And without generating any revenue 1.5 billion is a value that's -- it's not value creation, and our shareholders will never support Fiat paying 1.5 billion of payables without generating any revenue. A long-term investment is different from a bearing cost.

Q. And is the lack of revenue over this period as a result of Chrysler's decision to shut down its facilities?

A. Yes, because there is a -- there was a huge inventory sitting in Chrysler dealer network, more than 320,000 cars that needs to be reused, strongly reused, otherwise the problem that basically forced Chrysler into this situation will not be solved and properly addressed.

Q. But it was Chrysler's decision to shut down the facilities?

A. Yes, it was.

Q. Chrysler can make the decision to start them back up again?

A. Yes, Chrysler can make that decision. I'm not sure that would be a wise decision given the market trend and the number of cars still sitting in the inventory today, 295,000 as we speak.

Q. And that doesn't change your view about whether or not Fiat would terminate this agreement if it doesn't close on June 15th?

A. As I said, if this agreement is not closed by June 15th, we would need to reconsider our ability to consummate the transaction.

MR. ZAKIA: Thank you.

Sorry, one second, Your Honor.

Q. One last question. The master transaction agreement

provides that Chrysler has the right to extend the closing date till July 15th if it doesn't secure certain regulatory approvals. Are you aware of that fact?

A. Yes, I do.

Q. Okay. And do you know if Chrysler has secured those approvals?

A. To the best of my knowledge, Chrysler is actively trying to secure those approvals.

Q. Okay. And do you know whether or not they will succeed in securing those approvals by June 15th?

A. I have no indication that Chrysler will not succeed.

Q. But you don't know that they will?

A. I don't know that they will.

MR. ZAKIA: Thank you.

THE COURT: Any other cross?

MS. BROWN: Good evening, Your Honor. Amy Brown from Squire Sanders on behalf of the Committee of Chrysler Affected Dealers.

CROSS-EXAMINATION

BY MS. BROWN:

Q. Good evening.

A. Good evening.

Q. You are aware that Chrysler has filed a motion seeking to reject the dealer agreements of twenty-five percent of its dealer body, correct?